



**National Advisory Council on
Innovation and Entrepreneurship**

**First Meeting
September 2, 2010
Minutes**

Secretary's Conference Room
U.S. Department of Commerce
Washington, DC 20230

Members Present: Steve Case, *Revolution (Co-Chair)*, Mary Sue Coleman, *University of Michigan (Co-Chair)*, Desh Deshpande, *Sparta Group, A123 Systems, Sycamore Networks (Co-Chair)*, Tom Alberg, *Madrona Venture Group*, James Andrew, *Boston Consulting Group*, Tom Baruch, *CMEA Capital*, Claude Canizares, *Massachusetts Institute of Technology*, Curtis Carlson, *SRI International*, Robin Chase, *Meadow Networks*, Marcelo Claire, *Brightstar*, Michael Crow, *Arizona State University*, Christina Gabriel, *Carnegie Mellon University*, Barron Harvey, *Howard University*, Ray Leach, *JumpStart*, Ken Morse, *ESADE Business School*, G.P. "Bud" Peterson, *Georgia Institute of Technology*, Michael Roberts, *The Roberts Companies*, RoseAnn Rosenthal, *Ben Franklin Technology Partners*, Holden Thorp, *University of North Carolina at Chapel Hill*

Members Absent: Ping Fu, *Geomagic*, Krisztina Holly, *University of Southern California*, Carl Schramm, *Kauffman Foundation*, Charles Vest, *National Academy of Engineering*, Jeffrey Wadsworth, *Battelle*

Administration Officials Present:

Department of Commerce: Secretary Gary Locke, John Fernandez, Patrick Gallagher

White House: Aneesh Chopra, Rahm Emmanuel, Tom Kalil, Ginger Lew, Phil Weiser

Small Business Administration: Sean Greene

Staff: Paul Corson, Esther Lee, Sue Liu, Anthony Lynn, Shira Kramer, Ann Olaimsey, Ellen Moran, Robert Sienkiewicz, Rick Siger, Travis Sullivan, Victoria Tung, Julie Walden, Lance Williams

Public Attendance (via teleconference): Approximately 45 callers listened in.

The National Council on Innovation and Entrepreneurship (NACIE) convened in open session at 9:00 am with Steve Case, Mary Sue Coleman, and Desh Deshpande presiding on September 2, 2010.

Agenda Item 1: Welcome, Opening Remarks and Open Discussion on the Nation's Capacity for Innovation and Entrepreneurship.

Esther Lee called the meeting to order and introduced Secretary Gary Locke.

Secretary Locke thanked Co-Chairs Desh Deshpande, Mary Sue Coleman, and Steve Case, acknowledged their contributions in areas of innovation and entrepreneurship, acknowledged White House attendees; and stated his charge to the Advisory Council. He expressed his commitment to the Council and mentioned key initiatives underway and outlined the Administration's priority areas of focus – accelerating commercialization of federally-funded R&D, improving access to capital, promoting entrepreneurship, improving the overall ecosystem for innovation and entrepreneurship. The Secretary challenged the group to consider whether these are the right priorities, how we increase/enhance or accelerate our efforts, maintain a focus on job creation and retention, and recommend changes or improvements to our efforts.

Steve Case expressed his desire to unlock the potential of other entrepreneurs in the United States, challenged group to come with an open mind and develop great ideas, and appealed for a non-partisan approach.

Mary Sue Coleman spoke about the excitement surrounding NACIE, the evolving and increasing role of Universities in economic development, the realization among students that they're going to have to create their own future, and a conical approach to tapping into student curiosities. She indicated that the challenge for universities is to increase spinouts and generate a bigger return on national investments in research and development.

Desh Deshpande noted the demise of great R&D institutions like Bell Labs, the role of university professors in generating ideas, and the potential benefit of being able to sequence those ideas in such a way as to more effectively engage in innovation and entrepreneurship. He stated that innovation is where engineering was 50 years ago and called for efforts to "connect innovators to relevance up front". Although the world is catching up with the United States in terms of innovative capacity, if successful, the United States has another opportunity to "leap frog" to a new level of innovative capacity. Innovation is different from entrepreneurship, and neither is not for an elite class only.

Mary Sue Coleman then moderated an open discussion during which NACIE members offered several observations on and suggestions for improving the nation's innovative and entrepreneurial capacities. They focused on government procurement practices, metrics, tax policy, changes to education practices, Bayh-Dole legislation, government subsidies, the promotion and celebration of entrepreneurship, access to capital, regional collaboration, starting and scaling businesses, comprehensive strategies and the speed at which efforts take place.

Agenda Item 2: Roundtable Discussion on the Administration's Innovation and Entrepreneurship Agenda

Desh Deshpande moderated a roundtable discussion between NACIE members and a panel of four White House officials responsible for developing and implementing the Administration's policies and strategies for promoting innovation and entrepreneurship. Each of the White House officials offered brief introductory remarks.

Aneesh Chopra outlined six administration priorities related to the building blocks of innovation: the Administration's commitment to double federal investments in core R&D and basic science; accelerate commercialization of federally funded R&D; expand support infrastructure for commercialization through investments in broadband infrastructure; improve human capital through investments in STEM education; increase the speed, volume and ease of access to government data; and increase use of competitive projects through www.challenge.gov.

Phil Weiser focused on role of government in catalyzing private investment and outlined three additional administration priorities: policies related to the release and effective use of wireless spectrum; standards related to the development of a smart-grid; and patent reform.

Ginger Lew said the time is right to take a comprehensive approach, with a focus on short and long-term goals. Short-term priorities include increasing and accelerating commercialization, as well as and increasing engagement with industry leaders. Longer-term priorities include a federal emphasis "at the retail level" on developing and expanding Regional Innovation Clusters.

Tom Kalil outlined investments being made today to help establish the jobs of the future, such as USG investments in R&D, data-intensive science and engineering, information analytics and technologies, robotics, engineering and biological systems, and advanced learning technologies. He stressed the role of the President's Bully Pulpit, expanded educational opportunities, improvements to the business environment, and increased mentoring programs.

The open question and answer period that followed included NACIE recommendations related to regulatory changes that would spur firm and job creation, entrepreneur-in-residence programs, ecosystem development, changes at federal labs, government procurement of innovative products, open architectures, devices, and standards, and the celebration of innovation and entrepreneurship.

White House Chief of Staff, Rahm Emmanuel made an unscheduled appearance before NACIE to stress White House support for and interest in the work of the Council. He noted that entrepreneurs are essential to the success of the U.S. economy. He also stressed the administration's focus on tax policy, research dollars, clean energy, and federal transportation infrastructure. He concluded by stressing that start-up businesses are as important as established businesses.

The co-chairs called for a 10 minute break at 10:50 am.

The meeting reconvened at 11:00 am.

Desh Deshpande moderated a roundtable discussion between NACIE members and a two Department of Commerce Officials and one Small Business Administration Official responsible for developing and implementing policies and strategies for promoting innovation and entrepreneurship at their respective agencies.

John Fernandez outlined several Economic Development Administration (EDA) priorities through the lens of a recently announced "Jobs and Innovation Partnership". He stressed the importance of the innovation ecosystem, the need to drive efforts throughout the entire supply chain, and the benefit of more people seeing their future as part of this movement. He noted it will be increasingly important to address networks, soft infrastructure, and access to capital.

Patrick Gallagher provided an overview of the National Institute for Standards and Technology (NIST), the nation's oldest federal lab, noting the role standards and units of measurement play in the development of technology and infrastructure. He stressed the importance of measurement interoperability to global commerce. He also highlighted NIST's role in coordinating efforts across all federal agencies and the key role of manufacturing in the innovation ecosystem, noting that 70% of R&D is focused in advanced manufacturing.

Sean Greene provided an overview of the Small Business Administration (SBA), stressing four primary roles: access to capital, access to government contracts, support for entrepreneurship, and advocacy for small business. He noted Administrator Mills' goal of differentiating between the needs of main street and high-growth innovative companies. He outlined SBA efforts to engage with both academics and practitioners to drive new job creation, which identified four priorities: access to capital, access to workforce, strengthening ecosystems and leveraging government programs, and celebrating entrepreneurship.

Discussion between the panelists and NACIE members focused the importance of advanced manufacturing to the U.S. economy, supply chain concerns, the impact and implications of productivity changes related to innovation, international competition, and the state of manufacturing in California.

Agenda Item 3: NACIE Priorities and Next Steps

Steve Case provided a summary of ideas, grouping them under the headings celebrate, collaborate, capital, competition and Congress. He suggested the Council gather ideas in an organized way over several weeks, reconvene via conference call in October, and then reconvene in person in mid-November to present recommended action plan

Tom Kalil offered suggestions and insights based on his experience with PCAST and other Federal Advisory Committees, outlining a number of areas where the Council can assist the government, including: providing feedback and analysis on Administration priorities, considering areas where we have a question but no answers, flagging things not on the radar screen, and providing solutions to key challenges. He also outlined four potential pitfalls of which to be wary. A level of iteration and dialogue is key – NACIE should “go off into a room” and think about these issues alone, but rather keep the USG engaged. There is a tension between comprehensiveness and

tangible/achievable results. NACIE should consider what can actually get done. NACIE should provide solutions and road maps, not just identify problems. It must also assume the right level of analysis and granularity to get the job done.

The remaining conversation included additional ideas and recommendations on priorities and next steps, including the use of subgroups to study various issues. Steve Case concluded by saying the co-Chairs would summarize the meeting, schedule a phone meeting, and welcome any ideas.

Steve Case, Mary Sue Coleman and Desh Deshpande adjourned the meeting at 12:00pm.

Respectfully submitted:

Steve Case
Co-Chair

Mary Sue Colman
Co-Chair

Desh Deshpande
Co-Chair

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